

LAW OFFICE
THOMAS F. MCFARLAND, P.C.
208 SOUTH LASALLE STREET - SUITE 1890
CHICAGO, ILLINOIS 60604-1112
TELEPHONE (312) 236-0204
FAX (312) 201-9695
mcfarland@aol.com

THOMAS F. MCFARLAND

November 29, 2007

By e-filing

Vernon A. Williams, Secretary
Surface Transportation Board
395 E Street, S.W., Suite 1149
Washington, DC 20024

Re: Compensation ancillary to alternative rail service in Finance Docket Nos. 34802
and 34889

Dear Mr. Williams:

This refers to the Status Report filed in Finance Docket Nos. 34802 and 34889 by PYCO Industries, Inc. (PYCO) on November 20, 2007. PYCO acknowledges in that Report that in a Settlement Agreement between South Plains Switching, Ltd. Co. (SAW) and PYCO, SAW reserved the right to seek compensation ancillary to alternative rail service in Finance Docket Nos. 34802 and 34889. PYCO nevertheless claims that such compensation is "effectively foreclosed".

PYCO does not have standing to make that argument. Compensation ancillary to alternative rail service is recoverable from the alternative rail service provider. That service provider is West Texas & Lubbock Railway Company (WTLR), not PYCO.

Moreover, PYCO's arguments are not properly raised in a "status report". The Board cannot grant substantive relief regarding compensation ancillary to alternative rail service in a "status report". For that reason, SAW need not reply to PYCO's allegations that such compensation is "effectively foreclosed".

SAW intends to file a Petition for Compensation ancillary to alternative rail service. Such a Petition will be filed in due course before recovery of such compensation would begin to be barred by the 2-year statute of limitations at 49 U.S.C. § 11705(c). PYCO can make any

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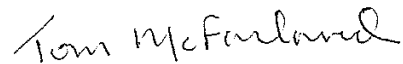
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representations that it wishes in response to that Petition. SAW will have the opportunity to rebut those representations at that time.

Very truly yours,

A handwritten signature in cursive script that reads "Tom McFarland".

Thomas F. McFarland
*Attorney for South Plains
Switching, Ltd. Co.*

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cc: (by e-mail)
Charles Montange, Esq.
Gary McLaren, Esq.
John Heffner, Esq.
James Gorsuch, Esq.
Mr. Larry Wisener
Mr. Dennis Olmstead